

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board/~~President/Management of Directors/Management~~

_____(Provider's Name)

_____(City/State/Zip Code)

We have performed the procedures enumerated below based upon the requirements outlined in the South Carolina Department of Disabilities and Special Needs (DDSN) Provider Audit Policy (Directive 275-06-DD) for the period State fiscal year ended June 30, related to tests of controls and procedures for Medicaid billings. If you provide residential services insert – "We have also performed the procedures enumerated in the compliance section below solely to assist the specified parties in evaluating the -and/or the- 's (OPL's name) compliance with applicable DDSN Contracts and Directives.] These procedures contracted service providers management of Consumers' Personal Funds for compliance with DDSN Directive 200-12-DD: Management of Funds for People Participating in Community Residential Programs, which were agreed to by the management of _____ (~~Provider~~OPL's name) for the period ended _____ (~~Provider~~OPL's year-end or initial year alternative period). _____'s (~~Provider~~OPL's name) management is responsible for establishing policies and procedures, and for the maintenance of records and supporting documentation. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of our testing are as follows:

Medicaid Billing

1. We obtained an understanding of the Medicaid billing process and controls over Medicaid billable services through discussions with management and consultations with program staff. In documenting our understanding, we also learned that the contracted service provider served a total of _____ ~~consumer~~persons (unduplicated) for whom Medicaid services were billed for the period tested.
2. We selected a sample of _____ ~~consumers~~people from the total number of ~~consumers~~people for which the ~~contracted service provider~~OPL is receiving payments for Medicaid billable services. We ensured that our sample represented Medicaid billings from all programs. The programs covered and number of persons selected for our procedures are identified below:

#	<u>Program/Service</u>	#	<u>Program/Service</u>
	<u>ICF/ID</u>		<u>Supported Employment</u>
	<u>CRCF</u>		<u>Board Billed Waiver Services</u>
	<u>CTH-II</u>		<u>Direct Billed Waiver Services</u>
	<u>CTH-I/Specialized Family Homes</u>		<u>PCA Under 21</u>
	<u>SLP-II/SLP-III</u>		<u>LPN/RN Direct Billed Services</u>
	<u>SLP-I</u>		<u>Early Intervention</u>
	<u>CIRS (Cloud)</u>		<u>Case Management</u>
	<u>Adult Day Program</u>		<u>Other (Specify)</u>

3. For the ~~consumers~~ people selected, we tested Medicaid billings for the period of ~~month(s)~~ to determine the following:

a. ~~Determined that~~ documentation was is on file to support the billings. – In addition, we performed tests to determine that the supporting documentation provides reasonable assurance that the billings are supported by complete and accurate information.

Results/Finding:

b. Gained an understanding of the monitorship procedures (review of service notes, phone contacts with family members and/or employers, visits to family members' homes and/or persons' job sites, etc.) established by the OPL to monitor each program. We tested that monitorship is being provided and documented by supervisory staff on an on-going basis so as to provide reasonable assurance to the OPL ~~Services are being provided to the consumers as indicated in the documentation on file. For the consumers selected for testing, the Auditor should be present and have the supervisor make contact (face-to-face or phone call) with the consumer and/or family member and inquire if the services were provided as indicated in the service notes.~~

Results/Finding:

C. Monitorship is being provided by supervisory staff, as evidenced by their signature or initials and date of review, on an on-going basis so as to provide reasonable assurance to the DSN Board that the billable services are being provided to the consumers and/or families as indicated by the documentation on file.

Results/Finding:

3.Compliance Section

1. Consumer People's Personal Funds and Property [note this only applies to residential service providers]:

We gained an understanding of the controls over ~~consumer~~persons' personal funds and personal property managed by ~~contracted service provider~~ OPL staff through our discussions and inquiries with management. In order to gain a more accurate understanding of the nature and treatment of ~~consumers'~~ people's personal funds and personal property, we consulted with the residential program staff since these employees are directly responsible for compliance with DDSN Directives 200-12-DD:

Management of Funds for Individuals Participating in Community Residential Programs and 604-01-DD: Individual Clothing and Personal Property ~~Management of Funds for People Participating in Community Residential Programs.~~

We selected a sample of _____ people from the total number of people for which the OPL is managing personal funds and personal property. The programs covered and number of people selected for our procedures are identified below:

<u>Total Population Served</u>			
<u>#</u>	<u>Program/Service</u>	<u>#</u>	<u>Program/Service</u>
	<u>ICF/ID</u>		<u>SLP-I</u>
	<u>CRCF</u>		<u>CIRS (Cloud)</u>
	<u>CTH-II</u>		<u>Other (Specify)</u>
	<u>CTH-I/Specialized Family Homes</u>		<u>Other (Specify)</u>
	<u>SLP-II/SLP-III</u>		<u>Other (Specify)</u>

<u>#</u>	<u>Program/Service</u>	<u>#</u>	<u>Program/Service</u>
	<u>ICF/ID</u>		<u>SLP-I</u>
	<u>CRCF</u>		<u>CIRS (Cloud)</u>
	<u>CTH-II</u>		<u>Other (Specify)</u>
	<u>CTH-I/Specialized Family Homes</u>		<u>Other (Specify)</u>
	<u>SLP-II/SLP-III</u>		<u>Other (Specify)</u>

For the persons selected, we tested personal funds for the period of to determine the following:

~~In documenting our understanding, we learned that the contracted service provider manages personal funds for a total of _____ consumers. From this total, we selected a sample of _____ consumers and reviewed their account activity for _____ month(s) to determine the following:~~

~~A. _____ Each member of the contracted service provider staff having access to consumers' personal funds is bonded.~~

Results/Finding:

~~a. _____ B. _____ Consumers' People's~~ personal funds are not borrowed, loaned, or co-mingled by the ~~contracted service provider OPL~~ or another person or entity for any purpose or combined or co-mingled in any way with the ~~contracted service provider's OPL~~'s operating funds.

Results/Finding:

~~b. _____ C. _____ Consumers' People's~~ checking and/or savings accounts are established in the ~~consumerperson~~s' names and social security numbers or ~~that~~ they have indicated d that the accounts are for the benefit of the ~~consumerspersons~~ (fiduciary relationship).

Results/Finding:

~~c. _____ Bank signature cards were updated timely for changes in personnel and a copy of the signature card is maintained.~~

Results/Finding:

- d. Bank reconciliations for people's accounts are being performed and documented within 20 business days of receipt of the bank statements by a staff member who is not a co-signer for the accounts.

Results/Finding:

- e. Through a representative sample of consumers' people's purchases, determined that receipts are on hand to support purchases expenditures for non-incident purchases made from the consumers' people's personal funds. (Purchases should be selected from the consumers' accounts in the sample for the month(s) chosen for review.)

Results/Finding:

- f. Determined that the amounts paid by the people were properly charged to their personal funds. Considered if amounts should have been paid by the Waiver program, from residential program funds, or if items/services purchased were proper for the persons expending the funds.

Results/Finding:

- g. For any item purchased that is required to be inventoried, verified that the persons' personal property record was properly updated, and the item is properly marked in accordance with the directive.

Results/Finding:

- h. Determined if checks written to persons caused them to exceed their cash on hand limit.

Results/Finding:

- i. Determined that actual counts of the persons' cash held by residential staff, and agreement of the counts to the records, were completed monthly by someone who does not have authority to receive or disburse cash. Verified the count and agreement to the records was documented.

Results/Finding:

- j. Reviewed the controls over cash on hand to ensure that the provider has adequate controls to identify and safeguard cash held by the provider and cash held by the person.

Results/Finding:

- k. Determined that the persons' total countable resources did not exceed the established limits mandated by Medicaid (generally: \$2,000).

Results/Finding:

- l. Determined that the QPL has a process established to identify those with recurring excess resources and have established a plan to eliminate risk of loss

of benefits – for example, participation in the ABLE program, participation in a special needs trust (individual or pooled), spend down of resources, establishment of burial savings accounts, establishment of prepaid burial arrangements, etc.

Results/Finding:

m. For collective accounts, determined that the account is being managed in accordance with the Social Security Organizational Representative Payee guide.

Results/Finding:

m. Below is a summary of information related to management of people's funds. (a format similar to the one below should be used to disclose this information)

<u>Type of Program</u>	<u>Type of Account (Checking, Savings, ABLE, etc)</u>	<u>Custodian</u>	<u>Deposit Procedure</u>	<u>Signature Requirement</u>	<u>Reconciliations Performed By</u>	<u>Account in the Name Of</u>
<u>ICF/ID</u>						
<u>CRCE</u>						
<u>CTH-II</u>						
<u>CTH-I</u>						
<u>SLP-I</u>						
<u>SLP-II</u>						
<u>SLP-III</u>						
<u>CIRS</u>						
<u>SFH</u>						
<u>Other</u>						

Results/Finding:

D. Withdrawals from consumers' accounts require a co-signature of the facility or program director or his or her designee, unless a waiver is on file.

Results/Finding:

E. A copy of the commercial bank signature card is on file in the consumers' permanent files.

Results/Finding:

F. Items costing \$50 or more are purchased by check from the consumers' accounts.

Results/Finding:

G. All sources of income for the consumers are deposited within five (5) business days of receipt to their accounts.

Results/Finding:

H. Bank reconciliations for consumers' accounts are being performed within 20 business days of receipt of the bank statements by a staff member who is not a co-signer for the accounts.

~~Results/Finding:~~

~~I. — Through a representative sample of consumers' purchases, determine that receipts are on hand to support expenditures for non-incidental purchases made from the consumers' personal funds. (Purchases should be selected from the consumers' accounts in the sample for the month(s) chosen for review.)~~

~~Results/Finding:~~

~~J. — Checks are not written to "Cash."~~

~~Results/Finding:~~

~~K. — Consumers' cash on hand (consumers' cash held in the residence by staff plus cash actually held by the consumer) does not exceed \$50.~~

~~Results/Finding:~~

~~L — Actual counts of consumers' cash held by residential staff, and agreement of the counts to the records, are done monthly by someone who does not have authority to receive or disburse cash. The count and agreement to the records must be documented in the cash records.~~

~~Results/Finding:~~

~~M. — Determine that consumers' total cash assets do not exceed the established limits mandated by Medicaid (generally: \$2,000)~~

~~Results/Finding:~~

2. 4. — Direct Care Staff Minimum Salary/Hourly Wage — [note this only applies to residential service providers]:

We gained an understanding of the requirements of paying direct care staff in accordance with the ~~Provider's~~ OPL's contract with DDSN.

a. We selected at least two (2) pay periods or used an alternative selection process to test proper application of the pay rate.

Results/Finding:

b. The timing of the pay rate increase was determined to ensure the increase was paid on the first pay date in July. Retroactivity of the pay rate is permitted. Any retroactivity was tested to ensure it was completed properly.

Results/Finding:

c. For any direct care staff paid less than \$13 per hour, we verified that they met the requirements that permit a lower rate be paid for a period not to exceed 90 days.

~~We determined whether or not the contracted service provider was paying ALL Direct Care Staff the established minimum hourly wage in accordance with the DDSN contract.~~

Results/Finding:

3. ~~5.~~ Room and Board Policy – *[note this only applies to residential service providers]*:

We gained an understanding of the policies and controls over room and board charges. ~~We gained an understanding of the status of the DDSN Room and Board Policy through our discussions and inquiries with management. Part of our understanding the status of DDSN Room and Board Policy was to confirm the last date DDSN approved the Room and Board Policy.~~

a. We determined that the OPL established a room and board policy for people's fees that was reviewed and approved by the Board of Directors.

Results/Finding:

b. We obtained the DDSN approved room and board rates utilized during the fiscal year.

Results/Finding:

c. We reviewed the actual charges made to people to ensure that they complied with the policy, including consideration of timing of application of rate changes, and that they did not exceed the approved room and board rates.

Results/Finding:

d. d. We sampled move-ins and move-outs and ensured that room and board charges were properly applied.

— We determined whether or not the provider has established and implemented a Room and Board Policy for consumers' fees that has been reviewed and approved by DDSN. We determined the last date DDSN approved the Room and Board policy.

Results/Finding:

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion *on compliance with the specified requirements on the contracted service providers policies and procedures over Medicaid billings and the management of consumers' personal funds and compliance with applicable laws and regulations.* Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of (*provider's OPL*'s name) and DDSN and is not intended to be or should not be used by anyone other than these specified parties.

[Practitioner's Signature]

[Practitioner's City and State]

[Date]